

1 STATE OF OKLAHOMA

2 2nd Session of the 53rd Legislature (2012)

3 COMMITTEE SUBSTITUTE
4 FOR ENGROSSED
5 SENATE BILL NO. 1059

By: Brown of the Senate

and

6 Moore and Mulready of the
7 House

8
9 COMMITTEE SUBSTITUTE

10 An Act relating to the purchase of health insurance;
11 amending 36 O.S. 2011, Section 307, which relates to
12 duties of the Insurance Commissioner; requiring the
13 Insurance Commissioner to administer and enforce
14 certain laws; creating the Health Care Choice Act;
15 providing short title; stating legislative intent;
16 authorizing the Insurance Commissioner to negotiate
17 certain compacts with other states; providing for the
18 disapproval of such compacts by the Legislature or
19 Governor; deeming approval and effectiveness of the
20 compact under certain conditions; specifying how
21 certain examination by the Insurance Commissioner
22 should be conducted; exempting certain insurers from
23 offering certain benefits; specifying exception;
24 authorizing certain insurers to sell certain
policies; requiring certain applications to contain
specified provisions; requiring certain health
benefit plan to contain specified provisions; making
certain insurers subject to premium taxes;
authorizing the Insurance Commissioner to promulgate
certain rules; specifying conditions that certain
foreign insurers must meet in order to sell certain
health benefit plans; providing for codification; and
providing an effective date.

1 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

2 SECTION 1. AMENDATORY 36 O.S. 2011, Section 307, is
3 amended to read as follows:

4 Section 307. The Insurance Commissioner shall be charged with
5 the duty of administration and enforcement of the provisions of the
6 Oklahoma Insurance Code and of any requirements placed on an
7 insurance company pursuant to ~~subsection L of section 1111 of Title~~
8 ~~47 of the Oklahoma Statutes~~ or any other law applicable within this
9 state. The ~~Insurance~~ Commissioner shall have jurisdiction over
10 complaints against all persons engaged in the business of insurance,
11 and shall hear all matters either in person, by authorized
12 disinterested employees, or by hearing examiners appointed by the
13 Commissioner for that purpose. It shall be the duty of the
14 ~~Insurance~~ Commissioner to file and safely keep all books and papers
15 required by law to be filed with the Insurance Department, and to
16 keep and preserve in permanent form a full record of proceedings,
17 including a concise statement of the conditions of such insurers and
18 other entities reported and examined by the Department and its
19 examiners. The Commissioner shall, annually, at the earliest
20 practicable date after returns are received from the several
21 authorized insurers and other organizations, make a report to the
22 Governor of the State of Oklahoma of the affairs of the Office of
23 the Insurance Commissioner, which report shall contain a tabular
24 statement and synopsis of the several statements, as accepted by the

1 ~~Insurance~~ Commissioner, which shall include with respect to each
2 insurance company the admitted assets, liabilities except capital,
3 capital and surplus, Oklahoma premium income, amount of claims paid
4 in Oklahoma, and such other matters as may be of benefit to the
5 public. The Commissioner may educate consumers and make
6 recommendations regarding the subject of insurance in this state,
7 and shall set forth in a statement the various sums received and
8 disbursed by the Department, from and to whom and for what purpose.
9 Such report shall be published by and subject to the order of the
10 ~~said Insurance~~ Commissioner. The ~~Insurance~~ Commissioner shall, upon
11 retiring from office, deliver to the qualified successor all
12 furniture, records, papers and property of the office.

13 SECTION 2. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 4413 of Title 36, unless there
15 is created a duplication in numbering, reads as follows:

16 Sections 2 through 4 of this act shall be known and may be cited
17 as the "Health Care Choice Act".

18 SECTION 3. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 4414 of Title 36, unless there
20 is created a duplication in numbering, reads as follows:

21 A. The Oklahoma Legislature recognizes the need for
22 individuals, employers, and other purchasers of health insurance
23 coverage in this state to have the opportunity to choose health
24 insurance plans that are more affordable and flexible than existing

1 market policies offering accident and health coverage. Therefore,
2 the Oklahoma Legislature seeks to increase the availability of
3 health insurance coverage by allowing insurers authorized to engage
4 in the business of insurance in other states to issue accident and
5 health policies in Oklahoma.

6 B. The Insurance Commissioner may negotiate one or more
7 compacts with other states to allow insurers domiciled in such
8 compacting states to sell specified lines of coverage in Oklahoma
9 without being granted a certificate of authority by Oklahoma. Such
10 compacts shall provide for appropriate protection of Oklahoma
11 consumers by allowing the Commissioner to regulate the market
12 conduct and financial solvency of the nonadmitted insurers pursuant
13 to compact provisions. The terms of any such compact shall be
14 presumed a valid exercise of the discretionary authority of the
15 Commissioner. The compact shall be subject to disapproval by a
16 majority vote of both houses of the State Legislature, in the form
17 of a concurrent resolution, or by the Governor, in the form of an
18 executive order. Such disapproval by the Legislature or by the
19 Governor shall be done prior to the effective date of the compact,
20 if the effective date occurs while the Legislature is in session.
21 If the Legislature is not in session on the presumed effective date
22 of the compact, the compact may be disapproved within fifteen (15)
23 days of the commencement of the next legislative session. If the
24 Legislature or the Governor does not disapprove the compact within

1 the specified time periods, the compact shall be deemed approved and
2 shall become effective upon the effective date specified in the
3 compact.

4 C. Any examination by the Commissioner of the market conduct
5 and solvency of any out-of-state companies seeking to offer health
6 benefit plans in this state, or who have been given approval to
7 offer health benefit plans in this state, shall be conducted in the
8 same manner and under the same terms and conditions as examinations
9 of companies located in this state.

10 D. The out-of-state insurers shall not be required to offer or
11 provide state-mandated health benefits required by Oklahoma law or
12 regulations in health insurance policies sold to Oklahoma residents,
13 except that coverage for the treatment of diabetes as provided in
14 Section 6060.2 of Title 36 of the Oklahoma Statutes shall be
15 required.

16 E. Domestic and foreign-admitted insurers authorized to sell
17 specified lines of coverage in Oklahoma may sell policies that are
18 substantially comparable to policies sold by out-of-state insurers
19 pursuant to this section. Domestic and foreign-admitted insurers
20 selling policies pursuant to this section shall be required to
21 comply with the provisions of this section.

22 F. Each written application for participation in an out-of-
23 state health benefit plan shall contain the following language in
24 boldface type at the beginning of the document:

1 "This policy is primarily governed by the laws of (insert state
2 where the master policy is filed); therefore, all of the rating laws
3 applicable to policies filed in this state do not apply to this
4 policy, which may result in increases in your premium at renewal
5 that would not be permissible in an Oklahoma-approved policy. Any
6 purchase of individual health insurance should be considered
7 carefully since future medical conditions may make it impossible to
8 qualify for another individual health policy. For information
9 concerning individual health coverage under an Oklahoma-approved
10 policy, please consult your insurance agent or the Oklahoma
11 Department of Insurance."

12 G. Each out-of-state health benefit plan shall contain the
13 following language in boldface type at the beginning of the
14 document:

15 "The benefits of this policy providing your coverage are
16 governed primarily by the law of a state other than Oklahoma. While
17 this health benefit plan may provide you a more affordable health
18 insurance policy, it may also provide fewer health benefits than
19 those normally included as state-mandated health benefits in
20 policies in Oklahoma. Please consult your insurance agent to
21 determine which Oklahoma state-mandated health benefits are excluded
22 under this policy."

23 H. Nonadmitted, out-of-state insurers selling specified lines
24 of coverage in Oklahoma pursuant to the provisions of the Health

1 Care Choice Act shall be subject to payment of any applicable
2 premium taxes pursuant to Section 624 of Title 36 of the Oklahoma
3 Statutes.

4 I. The Commissioner may promulgate rules necessary for the
5 administration and implementation of the Health Care Choice Act.

6 SECTION 4. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 4416 of Title 36, unless there
8 is created a duplication in numbering, reads as follows:

9 Pursuant to the provisions of the Health Care Choice Act, a
10 foreign health insurer may sell, offer and provide a health benefit
11 plan to residents in this state, if that insurer:

12 1. Offers the same health benefit plan in its domiciliary state
13 and is in compliance with all applicable laws, regulations, and
14 other requirements of its domiciliary state;

15 2. Obtains a certificate of authority to do business as a
16 foreign health insurer in the state pursuant to the provisions of
17 Section 3 of this act;

18 3. Provides coverage for the treatment of diabetes as required
19 pursuant to Section 6060.2 of Title 36 of the Oklahoma Statutes;

20 4, Participates, on a nondiscriminatory basis, in the Oklahoma
21 Life and Health Insurance Guaranty Association Act; and

22 5. Participates on a nondiscriminatory basis and in the same
23 manner as admitted, participating insurers to the Health Insurance
24 High Risk Pool.

1 SECTION 5. This act shall become effective November 1, 2012.

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